

# HOUSE BILL REPORT

## 2SHB 2063

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**As Passed House:**  
March 10, 2015

**Title:** An act relating to the creation of the Washington achieving a better life experience program.

**Brief Description:** Creating a work group to design a qualified achieving a better life experience program.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Kilduff, Kagi, Jenkins, Springer, Hunter, Ormsby, Tharinger and Tarleton).

**Brief History:**

**Committee Activity:**

Early Learning & Human Services: 2/18/15, 2/20/15 [DPS];  
Appropriations: 2/26/15, 2/27/15 [DP2S(w/o sub ELHS)].

**Floor Activity:**

Passed House: 3/10/15, 89-8.

**Brief Summary of Second Substitute Bill**

- Requires the State Treasurer's Office to convene an Achieving a Better Life Experience program design workgroup and provide an implementation report to the Governor and Legislature by November 1, 2015.

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### HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kagi, Chair; Walkinshaw, Vice Chair; Walsh, Ranking Minority Member; Dent, Hawkins, Kilduff, Ortiz-Self, Sawyer and Senn.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Scott, Assistant Ranking Minority Member; McCaslin.

**Staff:** Luke Wickham (786-7146).

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### HOUSE COMMITTEE ON APPROPRIATIONS

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Early Learning & Human Services. Signed by 31 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Carlyle, Cody, Condotta, Dent, Dunshee, Fagan, Haler, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Pettigrew, Sawyer, Schmick, Senn, Springer, Stokesbary, Sullivan, Tharinger, Van Werven and Walkinshaw.

**Minority Report:** Do not pass. Signed by 2 members: Representatives G. Hunt and Taylor.

**Staff:** Derek Rutter (786-7157).

**Background:**

Achieving a Better Life Experience Act.

Congress passed the Achieving a Better Life Experience (ABLE) Act in December 2014. The law amended the Internal Revenue Code to exempt from taxation qualified ABLE savings programs established by states. Individuals can contribute to savings accounts for eligible people with disabilities.

Individuals are able to invest up to \$14,000 per year in ABLE accounts. Withdrawals from the account will not be taxed provided that the money is spent on qualified expenses, such as housing, education, transportation, health care, and rehabilitation. The complete description of qualified expenses and other parameters of these accounts are expected to become available in the summer or fall of 2015 when the Secretary of the United States Treasury issues regulations.

An individual generally cannot have more than \$2,000 in savings or other assets for means-tested federal programs such as Medicaid or Supplemental Security Income (SSI). However, investments up to \$100,000 in 529A accounts will be disregarded as assets for purposes of Medicaid or SSI eligibility.

Other States.

There is legislation pending in North Dakota, Minnesota, and Kansas that would establish ABLE account programs.

Developmental Disabilities Endowment Trust.

The Washington Developmental Disabilities Endowment Trust (Endowment Trust) was established by the Legislature in 1999. This Endowment Trust is governed by a seven-person governing board, six of the members of this board are appointed by the Governor. The Department of Commerce provides support to the governing board when funds are appropriated for that purpose.

The Endowment Trust is available to individuals under age 65 with a qualifying developmental disability originating before age 18. An individual must be eligible for services provided by the Developmental Disability Administration to be eligible for the Endowment Trust.

## **Summary of Second Substitute Bill:**

The State Treasurer's Office must convene a work group to design an ABLE program by July 1, 2015. The work group must include representatives from the Department of Commerce, the State Investment Board, the Washington Advanced College Tuition Payment Program, the Department of Social and Health Services, the Developmental Disability Endowment Governing Board, and the disability community.

The ABLE design work group must provide a report to the Governor and the Legislature by November 1, 2015 that includes the following:

- a recommendation of the appropriate lead agency for the ABLE program;
- an analysis of the appropriate investment instrumentality for ABLE account investments;
- an implementation plan for the ABLE program; and
- a recommendation regarding the composition and role of an ABLE advisory board

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony (Early Learning & Human Services):**

(In support) This bill allows Washington to take advantage of the federal ABLE law. If this bill is enacted, individuals won't have to spend down to poverty. The federal ABLE Act was a broad, bipartisan bill that took years of effort. This whole bill started as an idea from a father. For so many, this is another significant tool for individuals with disabilities to set aside money for education, housing, and other qualified expenses. Many parents with children who have disabilities are told not to put anything in their child's name for fear of not becoming eligible for benefits. This bill allows individuals to put money in the name of an individual with disabilities without fearing about his or her eligibility for benefits. There are more than 200 postsecondary educational opportunities for individuals with cognitive disabilities. Thanks to the ABLE Act, an individual can begin saving for educational opportunities without jeopardizing his or her eligibility for federal benefits. Many individuals with disabilities are unable to save more than \$2,000 without becoming ineligible for federal benefits. The ABLE program along with the Endowment Trust give individuals with disabilities savings choices. This bill will allow more individuals to save for the future and realize their dreams. The federal regulations have not been established on this yet, and are expected later this year. These regulations will establish many of the details regarding qualified expenses, among other things. It is a civil rights issue that many individuals with disabilities are not able to save and are forced to live in poverty. This bill allows individuals with disabilities to save. If this bill is passed, individuals may save up to \$100,000 and maintain eligibility for federal benefits. Washington needs to take action on this bill and take advantage of the federal law. There are differences between the Endowment Trust and this bill, namely that this bill would allow savings for individuals with any kind of disability, whereas the Endowment Trust is just available to individuals with developmental

disabilities. The only concern about this bill is that investment control rests with the state, and there should be flexibility for individuals to invest money themselves. Many individuals struggle to keep their assets under \$2,000 to maintain federal benefit eligibility.

(Opposed) None.

**Staff Summary of Public Testimony (Appropriations):**

(In support) This truly is an extraordinary opportunity to provide individuals with disabilities a chance to plan, save, and, in the case of Social Security Insurance (SSI) and Medicaid recipients, not have to spend down into poverty by availing themselves of an ABLE account. Interest earnings in the account would accrue tax-free, which is beneficial. An ABLE is also complementary to the Disability Endowment Trust Fund; it does not poach individuals from that route, but is another available option. The proposed second substitute poses a de minimis cost to the state to get the ball rolling while federal regulations are being finalized.

This is not only a bill for people with disabilities, but also families of those individuals who want to save on that person's behalf. These savings can be used not just for education, but also for transportation or medicine. Prior to Congress passing the ABLE Act, it felt as though people with disabilities were not expected to get an education and were destined for poverty, which was discriminatory.

The ABLE is needed now, and should not be delayed as it would be in the proposed second substitute. Restrictions under SSI disallow family from buying individuals with disabilities basic necessities like haircuts. Keeping individuals in poverty does not need to be studied in a work group.

(Opposed) None.

**Persons Testifying (Early Learning & Human Services):** Representative Kilduff, prime sponsor; Cathy McMorris Rogers; Amy and Emma Patterson, Down Syndrome Association of Snohomish County; Emily Rogers and Ed Holen, Developmental Disabilities Council; Ivanova Smith, People First of Washington; George Adams, Self Advocates of Washington; Tom Hert; Rosanna Fladd; Margaret-Lee Thompson, Arc of United States; Bill Cole, Washington State Department of Commerce; Karma Phillips; and Jack de Leon.

**Persons Testifying (Appropriations):** Representative Kilduff, prime sponsor; John Rossi; and Lynne Tucker, Seattle Special Education.

**Persons Signed In To Testify But Not Testifying (Early Learning & Human Services):** None.

**Persons Signed In To Testify But Not Testifying (Appropriations):** None.